

BILL NO. 06-38

COUNTY COUNCIL OF HARFORD COUNTY, MARYLAND

BILL NO. 06-38

Introduced by Council President Wagner at the request of the County Executive

Legislative Session Day No. 06-27

Date: October 17, 2006

A BILL to authorize and empower Harford County, Maryland to borrow, on its full faith and credit, and issue and sell its bonds or other form of indebtedness therefor, in an amount not to exceed Three Hundred Forty-Five Thousand Five Hundred Dollars (\$345,500) principal amount, the proceeds thereof to be used for the study, design and expansion, reconstruction, rehabilitation, renovation and improvement of the Oaklyn Manor and Mandeville Road Phase I Sewer Project ("Project") as described in the Annual Budget and Appropriation Bill, as amended, Bill No. 04-14, As Amended, for the year ended June 30, 2005, and Bill Nos. 03-36 and 06-06 ("Master Water and Sewer Plan"), and as described in this Bill (collectively the "Project") in accordance with Section 524 of the Charter of Harford County ("Charter") and Section 123-40 and Section 256-26 of the Code of Harford County ("Code") or as otherwise

By the Council,

Introduced, read first time, ordered posted and public hearing scheduled

on: December 5, 2006

at: 7:45 p.m.

By Order: Barbara J. O'Connor Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on December 5, 2006, and concluded on December 5, 2006.

Barbara J. O'Connor, Council Administrator

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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permitted by law; authorizing the form of instrument by which any indebtedness or financing obligation is to be evidenced, the manner by which any indebtedness, line of credit, financing lease or similar obligation may be secured, the method for determining rate(s) of interest to be paid, and generally for such other matters as may be deemed appropriate by the County Council of Harford County, Maryland in connection herewith; and authorizing the County Executive of Harford County, Maryland by Executive Order, to determine the form of various documents as are necessary to implement the financing authorized herein, the manner of issuance and delivery of any evidences of indebtedness, the payment of all necessary expenses in connection therewith, the method by which such evidences of indebtedness shall be sold, maturity schedule, redemption provisions,

By the Council,

Introduced, read first time, ordered posted and public hearing scheduled

on:

at:

By Order: _____, Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on _____, and concluded on _____.

_____, Council Administrator

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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authorizing the appointment of certain agents; and otherwise generally relating to the issuance, sale, delivery and payment of any such evidences of indebtedness or financing obligations; providing that such indebtedness shall be issued upon the full faith and credit of Harford County, Maryland; providing that the indebtedness may be incurred pursuant to private sale, without the necessity of public bid to the United States Department of Agriculture, Rural Development Program, Rural Utility Service ("USDA"), providing for the issuance of bond anticipation notes upon passage of a resolution by the County Council of Harford County, Maryland; approving the interest rate or rates on said bond anticipation notes for all or a portion of the projects described herein, for which the proceeds of sale of the bond anticipation notes shall be used; providing that within twelve (12) months after the issuance of the bond anticipation notes, or any renewal thereof, the

By the Council,

Introduced, read first time, ordered posted and public hearing scheduled

on:

at:

By Order: _____, Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on _____, and concluded on _____.

_____, Council Administrator

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County Council of Harford County, Maryland shall authorize the issuance of bonds to pay said bond anticipation notes; providing for disbursement of the proceeds of the sale of such bonds and for the levying of charges, assessments and all taxes necessary to provide payment of the principal of and interest on such bonds; providing that certain additional matters may be determined by executive order of the County Executive; providing the method of fixing the interest rates to be borne by such bonds and generally providing for and determining various matters in connection therewith; and generally relating to funding of certain capital projects.

By the Council,

Introduced, read first time, ordered posted and public hearing scheduled

on:

at:

By Order: _____, Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on _____, and concluded on _____.

_____, Council Administrator

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1 WHEREAS, in accordance with the provisions of Section 406 of the Charter of Harford
2 County, the Director of Planning has heretofore transmitted to the County Executive the
3 recommendations of the Planning and Advisory Board for certain Capital Improvements; and

4 WHEREAS, in accordance with the provisions of Section 505 of the Charter of Harford
5 County, the County Executive has reviewed such recommendations in light of the existing capital
6 programs and the County Executive and the Director of Administration have included such
7 recommendations for capital improvements, as amended, in the proposed Capital Program which has
8 been submitted to the County Council of Harford County, Maryland and the County Council of
9 Harford County, Maryland has adopted the Capital Program and Capital Budgets for the year ended
10 June 30, 2005, pursuant to Bill Nos. 04-14, as amended and included the Project in Bill Nos. 03-36
11 and 06-06, the Master Water and Sewer Plan, effective November 7, 2003 and effective June 19,
12 2006, respectively; and

13 WHEREAS, upon request of the County Executive and Resolution of the County Council of
14 Harford County, Maryland, Harford County may sell bond anticipation notes in an amount not greater
15 than the amount of bonds authorized herein, in anticipation of the subsequent sale of the bonds, for all
16 or a portion of the cost of the projects described herein in accordance with the provisions of Article
17 31, Section 12 of the Annotated Code of Maryland (2006 Replacement Volume); and

19 WHEREAS, as a part of the said Capital Program and the said Capital Budget, it is necessary
20 that Harford County, Maryland, borrow a sum not exceeding Three Hundred Forty-Five Thousand
21 Five Hundred Dollars (\$345,500) to be used to finance the cost of the design, study and acquisition,
22 construction, reconstruction, improvement, extension, site acquisition, architectural and engineering

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1 services, and furnishings and equipment for the Project, including financial, legal and planning
2 expenses related thereto; and

3 WHEREAS, the County Council of Harford County, Maryland has authority to incur debts on
4 behalf of the County; and

5 WHEREAS, the County Council of Harford County, Maryland is hereby authorized to enact a
6 Bill adopted in accordance with Section 524 of the Charter of Harford County and other applicable
7 provisions of law providing for the issuance and sale and for the designation, form, tenor,
8 denomination, maturities, and the interest rates payable on any bonds or other form of indebtedness
9 issued under this Bill; and to levy annually *ad valorem* taxes upon the assessable property within the
10 county sufficient, together with other taxes and other available funds, to provide for the payment of
11 the interest on and principal of any bonds so issued; and

12 WHEREAS, the proposed bond issue or other form of indebtedness is within the legal
13 limitation on the indebtedness of Harford County, Maryland; and

14 WHEREAS, it is necessary to provide funds for the construction, reconstruction,
15 improvement, extension, acquisition, alteration, repair and modernization, the cost of acquiring any
16 sites, making site improvements, architectural and engineering services, including preparation of
17 plans, drawings and specifications, the development of the grounds and landscaping thereof, financial,
18 legal and planning expenses and all customary appurtenances and equipment for the Project; and

20 WHEREAS, after written recommendation of the County Executive, public hearing and
21 affirmative vote of at least four (4) members of the County Council of Harford County, Maryland, the
22 capital budgets authorizing the Project has been amended and adopted; and

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1 WHEREAS, the financing or indebtedness by private sale to USDA is herein authorized,
2 including the aggregate principal amount of bonds or other indebtedness in an amount not to exceed
3 Three Hundred Forty-Five Thousand Five Hundred Dollars (\$345,500), and interest rate(s), maturity
4 schedule, redemption provisions, form of bond, and date of sale, unless the bond(s) are sold to USDA
5 shall be evidenced and incurred pursuant to an Executive Order of the County Executive, pursuant to
6 this Bill.

7 WHEREAS, the County anticipates that the loan herein authorized will be made through the
8 USDA pursuant to a letter of conditions dated July 19, 2002 as supplemented on August 12, 2003,
9 July 28, 2004 and November 30, 2005 (the "USDA Letter of Conditions") attached hereto as Exhibit
10 A.

11 NOW, THEREFORE, IN ACCORDANCE WITH THE PROVISIONS OF THE CHARTER,
12 THE CODE AND THE LAWS OF THE STATE OF MARYLAND:

13 SECTION 1. Be it enacted by the County Council of Harford County, Maryland that, acting
14 pursuant to the authority of the Charter, the Code and the laws of the State of Maryland, Harford
15 County, Maryland (the "County") hereby authorizes and approves the incurring of debt or the payment
16 of purchase price or rental installments for the purpose of financing a portion of the capital cost of the
17 Project in the amount of Three Hundred Forty-Five Thousand Five Hundred Dollars (\$345,500). The
18 bonds shall be known (unless changed by Resolution of the County Council of Harford County) and
19 described as Harford County, Maryland Rural Utility Service Bonds (Oaklyn Manor and Mandeville
20 Road Phase I Project).

21 SECTION 2. And be it further enacted by the County Council of Harford County, Maryland
22 that unless the indebtedness is incurred pursuant to private sale with USDA, prior to the issuance, sale
23 and delivery of any bonds, bond anticipation notes, notes, evidences of indebtedness, line of credit,

1 credit, financing lease or installment purchase obligation in reliance on this Bill, the County Council
2 of Harford County, Maryland shall (without limitation) determine administratively by Resolution:

3 (a) the form of instruments or agreements by which the debt or financing authorized
4 herein shall be evidenced (including, but not limited to, bonds, bond anticipation notes, notes, book
5 entry, community participation bonds, letters of credit, trust agreements, trust indentures, financing or
6 installment purchase lease or similar financing agreement, or participation in any "bond bank" or bond
7 pooling arrangement administered by the State of Maryland or a subsidiary entity of it);

8 (b) the manner, if any, by which any indebtedness or financing shall be secured by
9 revenues, assessments, benefit assessments, hook up charges, development fees and other revenues
10 and receipts of the water and sewer operations of the County or other revenues of the County used or
11 dedicated to pay interest and/or principal on debt of the County incurred for water or sewer purposes,
12 including, but not limited to, a letter or letters of credit, bond or other such insurance and a pledge of
13 the full faith and credit and unlimited taxing power of the County);

14 (c) the rate or rates of interest or method of determining such rate or rates; and

15 (d) whether the financing is to be accomplished by public sale, private (negotiated)
16 sale or by private placement.

17 The Resolution shall be deemed to be of an administrative nature and shall be effective upon
18 the date specified in the Resolution.

19 SECTION 3. And be it further enacted by the County Council of Harford County, Maryland
20 that the County Executive of Harford County, Maryland shall determine the following matters by
21 Executive Order:

22 (a) the principal amounts, date, denominations, maturity payment provisions and
23 prepayment, tender and/or redemption provisions (if any) and other terms and conditions thereof;

1 (e) such other matters in connection with the consummation of the financing
2 transactions contemplated by this Bill as may be deemed appropriate by the County Executive of
3 Harford County, Maryland, including (without limitation) the appointment of agents (including, but
4 not limited to, trustees, paying agents, indexing agents and/or registrars) in connection with the
5 financing, the execution, acknowledgment, sealing and delivery of such other and further agreements,
6 documents and instruments, and the authorization of the officials of the County to take any and all
7 actions, as are or may be necessary or appropriate to consummate the transactions contemplated by
8 this Bill in accordance with the terms hereof and of the Resolution.

9 The Executive Order shall be effective upon the date specified in the Executive Order.

10 SECTION 4. And be it further enacted by the County Council of Harford County, Maryland
11 that in the event that the Bonds are issued and sold by the County to the USDA, pursuant to the USDA
12 Letter of Conditions, pursuant to which the rate of interest shall be the rate of interest established by
13 the USDA at the time of loan approval or at the time of loan closing, the County Executive shall
14 administratively, determine:

15 (a) The rate of interest to be paid on the Bond;
16 (b) The maturity schedule for payment of principal and interest by the County;
17 (c) The form of payment to be made by the County;
18 (d) The terms of the Bond to be issued to USDA; provided however, the form of
19 the Bonds shall be substantially in the form attached hereto as Exhibit B.

20 (e) The source of funds for payment of the Bonds, including hook up charges,
21 development fees, BNR fees and other revenues of the water and sewer system of the County, special
22 assessments or charges made by the County to the owners of property using the water and/or sewer
23 system subject to the financing by USDA.

1 SECTION 5. And be it further enacted by the County Council of Harford County, Maryland
2 that authority is hereby conferred respectively on the County Executive of the County, the Director of
3 Administration, the Treasurer, the County Attorney and the Council Administrator of the County
4 Council of Harford County, Maryland, or any of them, and they are hereby directed to take the
5 following actions on behalf of the County:

6 (a) to execute, acknowledge, seal and deliver the Documents substantially in the forms
7 determined administratively by the County Council of Harford County, Maryland in the Resolution;
8 and

9 (b) to execute, acknowledge, seal and deliver such other and further certificates,
10 certifications, agreements, documents and instruments and take such other acts as they or any one or
11 more of them may deem necessary or appropriate to consummate the transactions contemplated by this
12 Bill in accordance with the provisions hereof and of the Resolution.

13 SECTION 6. And be it further enacted by the County Council of Harford County, Maryland
14 that the financing authorized herein was sold by private sale to USDA, pursuant to the USDA Letter of
15 Conditions, shall be paid, both principal and interest, and any other expenses incurred with respect to
16 such financing pursuant to assessments made to the owners of properties affected by the Project and/or
17 revenues, assessments, benefit assessments, hook up charges, development fees and other revenues
18 and receipts for the water and sewer operations of the County, as determined by the County Executive
19 of the County.

20 SECTION 7. And be it further enacted by the County Council of Harford County, Maryland
21 that the Treasurer, or his authorized deputy, is hereby authorized and empowered to prepare and
22 distribute copies of the Documents to any person who may, in his judgment, be interested in
23 participating in the financing of the Project or who may request the same or information with respect

1 thereto; provided, however, that any preliminary official statement if deemed appropriate by the
2 County Executive and related material shall be clearly marked to indicate that they are subject to
3 completion and amendment.

4 SECTION 8. And be it further enacted by the County Council of Harford County, Maryland
5 that, to the extent the revenues described in Section 5 of this Bill is insufficient to pay the principal of
6 and interest on the indebtedness herein authorized, the County hereby covenants and agrees, with each
7 of the holders, from time to time, of any of the bonds or other indebtedness, that it shall promptly
8 cause to be levied against all assessable property within the County annually, so long as any of the
9 bonds or other indebtedness are outstanding and not paid, an *ad valorem* tax sufficient in rate and
10 amount to provide for payment of such principal of, premium (if any) and interest on the bonds or
11 other indebtedness when due. Such tax shall be levied in accordance with the Charter. The County,
12 by the passage of this Bill, hereby covenants and agrees properly and promptly to perform all of the
13 respective acts and duties defined in the Charter for the levy and collection of the aforesaid *ad*
14 *valorem* tax upon all the assessable property within the corporate limits of the County, as the levy and
15 collection of such a tax becomes necessary in order to provide for the payment of principal of,
16 premium (if any) and interest on the bonds or other indebtedness.

17 SECTION 9. And be it further enacted by the County Council of Harford County, Maryland
18 that if the County Council of Harford County, Maryland determines in the Resolution that it is in the
19 best interests of the County to sell any evidence of indebtedness or lease financing or installment
20 purchase obligation to any person or entity other than USDA by private (negotiated) sale, the County
21 Council of Harford County, Maryland hereby authorizes (a) the appointment of an underwriter (the
22 "Underwriter") in connection with the sale thereof, and (b) the payment by the County to the

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1 Underwriter out of the proceeds of the sale thereof or otherwise for services rendered in connection
2 therewith, such compensation to be determined in the Resolution.

3 SECTION 10. And be it further enacted by the County Council of Harford County, Maryland
4 that the County Executive is hereby authorized and empowered for and on behalf of the County (a) to
5 cause the preparation, printing, execution and delivery of the Documents, each substantially in the
6 form provided in the Resolution or in the Executive Order of the County Executive, with such
7 modifications, supplements or amendments thereto as may be recommended by counsel; and (b) to do
8 all such things as may be necessary or desirable in the opinion of the County Executive in connection
9 therewith.

10 SECTION 11. And be it further enacted by the County Council of Harford County, Maryland
11 that nothing herein contained shall authorize the expenditure of County funds until such time as such
12 expenditure shall have been appropriated by the County Council of Harford County, Maryland, and
13 this Bill shall not be construed as authorizing or approving any project not otherwise authorized or
14 approved by all appropriate legal authorization.

15 SECTION 12. And be it further enacted by the County Council of Harford County, Maryland
16 that unless changed by the Resolution or the Executive Order, if the indebtedness herein authorized is
17 represented by bonds: the bonds shall be issued pursuant to the authority of this Bill, the date of the
18 bonds for a term not to exceed forty (40) years shall be determined by executive order of the County
19 Executive and the indebtedness, if sold to USDA, shall be substantially in the form attached hereto as
20 Exhibit B, with such changes as the County Executive may determine to be in the best interest of the
21 County.

22 SECTION 13. Be it further enacted by the County Council of Harford County, Maryland that
23 if the indebtedness herein authorized is represented by bonds, the bonds shall bear interest at the rate

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1 or rates (i) if the bonds are sold at public sale, named by the successful bidder for the bonds in
2 accordance with the Notice of Sale, upon written recommendation of the County Executive of Harford
3 County, Maryland (the "County Executive"), by administrative resolution of the County Council of
4 Harford County, Maryland, (ii) if the bonds are sold to USDA, at the rate or rates determined in
5 accordance with the USDA Letter of Conditions, or (iii) if the bonds are sold at private sale but not to
6 USDA, at a rate and subject to such terms and provisions as may be approved by the County Council
7 of Harford County, Maryland. The bonds, when issued, may be executed in the name of the County,
8 by the facsimile signature of the County Executive, and a facsimile of the corporate seal of the County
9 shall be imprinted on each of the bonds attested by the facsimile signature of the Director of
10 Administration of the County and the manual signature of an authorized officer of the Bond Registrar.

11 The facsimiles of said signature and said seal shall be engraved, printed or lithographed on each of
12 the bonds in accordance with, and pursuant to the authority of Sections 2-301 through 2-306 inclusive
13 of the State Finance and Procurement Article of the Annotated Code of Maryland (2006 Replacement
14 Volume and 2006 Supplement). If the indebtedness is represented by bonds, the bonds shall be
15 subject to registration as to principal and interest, in the name or names of the owner or owners thereof
16 on books kept for that purpose at the principal office of the Bond Registrar and the principal of the
17 bonds shall be payable upon presentation and surrender thereof at the principal office of the Paying
18 Agent or the ownership of the indebtedness may, pursuant to Executive Order of the County
19 Executive, be maintained by a book entry system. The Bond Registrar and Bond Paying Agent shall
20 be determined by Executive Order of the County Executive. Payment of interest on the bonds shall be
21 made by the Paying Agent on each payment date, to each person appearing on the registration books
22 of the County, maintained by the Bond Registrar, as the registered owner thereof, by check or draft
23 mailed to each such registered owner at his or her address as it appears on such registration books.

1 owner at his or her address as it appears on such registration books. There shall be printed on each
2 bond the text of the approving legal opinion of bond counsel with respect to the bonds.

3 SECTION 14. Be it further enacted by the County Council of Harford County, Maryland that
4 if the indebtedness herein authorized is represented by bonds sold at public sale, the bonds shall be
5 sold by bids on sealed proposals to the bidder therefor for cash whose bid is deemed to be for the best
6 interest of Harford County, Maryland, after giving at least ten (10) days' public notice by
7 advertisement inserted twice in one or more daily or weekly newspapers having a general circulation
8 in the County, said sale to be held not sooner than ten (10) days following the first insertion of said
9 advertisement. The Award of the Bonds if sold at public sale, if made, shall be approved by resolution
10 of the County Council of Harford County, Maryland after written recommendation of the County
11 Executive, to the bidder offering the lowest interest cost determined in accordance with the true
12 interest cost method (TIC). The sale of the bonds, shall be held at the office of the Treasurer of
13 Harford County, Maryland, or on such date and at such time and location as may be provided by
14 Executive Order of the County Executive of Harford County, Maryland.

15 SECTION 15. Be it further enacted by the County Council of Harford County, Maryland that
16 if the bonds are sold at public sale the official Notice of Sale if deemed appropriate by the County
17 Executive shall be in substantially the form approved by Executive Order of the County Executive of
18 Harford County, Maryland.

19 SECTION 16. Be it further enacted by the County Council of Harford County, Maryland that,
20 to the extent the revenues described in Section 2 of this Bill are insufficient to pay the principal of and
21 interest on the Bonds, for the purpose of paying the interest on, premium, (if any) and principal of the
22 bonds or other indebtedness authorized by this Bill, there is hereby levied and there shall hereafter be
23 levied in each fiscal year that any of the bonds or other indebtedness are outstanding, *ad valorem* taxes

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1 outstanding, *ad valorem* taxes on real and tangible personal property and intangible property subject to
2 taxation by the County without limitation on rate or amount; and, in addition, upon such other
3 intangible property as may be subject to taxation by the County within limitations prescribed by law,
4 in an amount sufficient together with funds available from other sources, to pay the annual interest on
5 the outstanding bonds or other indebtedness and to redeem the bonds or other indebtedness maturing
6 during the succeeding year; and the full faith and credit and the unlimited taxing power of the County
7 are hereby irrevocably pledged to the punctual payment of the principal of and interest on the bonds or
8 other indebtedness as and when they mature. The County, by the passage of this Bill hereby covenants
9 and agrees properly and promptly to perform all of the respective acts and duties defined in this Bill
10 for the levy and collection of the aforesaid *ad valorem* tax upon all the assessable property within the
11 corporate limits of the County, as the levy and collection of such a tax becomes necessary in order to
12 meet the debt service requirements of Harford County Rural Utility Service Bonds (Oaklyn Manor and
13 Mandeville Road Phase I Project). By this Bill, the County agrees to take all action it may be legally
14 authorized and empowered to take in order to enforce, in any year in which any of the bonds or other
15 indebtedness are outstanding, the guarantee of such bonds or other indebtedness by the County.

17 SECTION 17. Be it further enacted by the County Council of Harford County, Maryland that
18 the County is hereby authorized and empowered from time to time to issue its Bond Anticipation Note
19 or Notes on the full faith and credit and unlimited taxing power of the County in an amount not
20 exceeding Three Hundred Forty-Five Thousand Five Hundred Dollars (\$345,500), the net proceeds of
21 such sale to be used to finance part or all of the cost of the Project; the sale of such Notes to be upon
22 such terms as may be directed by resolution of the County Council of Harford County, Maryland.

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1 Such Bond Anticipation Note or Notes or other evidence of indebtedness shall not have a
2 maturity in excess of twelve (12) months from the date of issue.

3 The Treasurer of Harford County, Maryland, prior to the issuance of any such Bond
4 Anticipation Note or Notes or other evidence of indebtedness of the County shall present the terms of
5 such notes to the County Council of Harford County, Maryland for approval by Resolution of the
6 County Council of Harford County, Maryland prior to the issuance of such Bond Anticipation Note or
7 Notes.

8 The Bond Anticipation Note or Notes will bear interest at the rate or rates so negotiated by the
9 Treasurer and approved by Resolution of the County Council of Harford County, Maryland and the
10 Bond Anticipation Note or Notes when issued shall be issued in the name of the County by the
11 signature of the County Executive, the corporate seal of the County shall be imprinted on such Bond
12 Anticipation Note or Notes and such Bond Anticipation Note or Notes shall be used only for those
13 purposes approved in a Resolution of the County Council of Harford County, Maryland adopted
14 subsequent to the adoption of this Bill.

15 The Bond Anticipation Note or Notes shall not be issued in an amount greater than the amount
16 of bonds or other indebtedness authorized in anticipation of the sale of which the Bond Anticipation
17 Note or Notes are issued and sold.

18 The principal of and interest on the Bond Anticipation Note or Notes shall be payable out of
19 the first proceeds of sale of the bonds, or from the tax or other revenue which the County shall
20 previously determine to apply to the payment of the bonds and interest thereon.

21 Twelve (12) months interest on the Bond Anticipation Note or Notes or any renewal thereof
22 may be paid from the proceeds of the Bond Anticipation Note or Notes from the proceeds of sale of
23 the bonds accounting from the initial date of issue thereof.

1 By resolution adopted by the County Council of Harford County, Maryland, the County may
2 provide for the renewal of the Bond Anticipation Note or Notes at maturity with or without resale.

3 Immediately after the sale of the Bond Anticipation Note or Notes and approval by resolution
4 of the County Council of Harford County, Maryland, the proceeds of sale of such Bond Anticipation
5 Note or Notes, after payment of expenses of issuing the same, shall be paid to the Department of the
6 Treasury of Harford County, Maryland. The proceeds of sale of the Bond Anticipation Note or Notes
7 shall be expended only to finance the Projects as defined above.

8 SECTION 18. Be it further enacted by the County Council of Harford County, Maryland that
9 pursuant to Treasury Regulations 1.150-2, governing the use of bond proceeds for the purpose of
10 reimbursing expenditures paid prior to the issuance of bonds, and as permitted by Treasury
11 Regulations 1.150-2(e)(1), the Treasurer of Harford County, Maryland is hereby duly designated to
12 make declarations of Official Intent on behalf of the County. The County expects that all or a part of
13 the capital expenditures for the Projects will be paid prior to the issuance of the Bonds, and that the
14 proceeds of the Bonds will be used to reimburse the County for capital expenditures paid prior to the
15 issuance of the Bonds. The County reasonably expects to reimburse a portion of the capital
16 expenditures for the Projects with proceeds of the Bonds, in the maximum principal amount of Three
17 Hundred Forty-Five Thousand Five Hundred Dollars (\$345,500), and this Bill shall be available for
18 public inspection at the offices of the County during regular business hours and in accordance with the
19 laws of the State of Maryland and the County, regarding access to public records.

20 SECTION 19. Be it further enacted by the County Council of Harford County, Maryland that
21 the County covenants and agrees with the registered owners, from time to time, of the Bonds as
22 follows:

1 (a) The County covenants that it will not make any use of the proceeds of any of the
2 Bonds or any moneys, securities or other obligations on deposit to the credit of the County or
3 otherwise which may be deemed by the Internal Revenue Service to be proceeds of any of the Bonds
4 pursuant to the Internal Revenue Code of 1986, as amended, and Income Tax Regulations thereunder
5 (collectively, the "Code"), which would cause any of the Bonds to be "arbitrage bonds" or "private
6 activity bonds" within the meaning of the Code.

7 (b) The County further covenants that it will comply with those provisions of the Code
8 which are applicable to the Bonds on the date of issuance of the Bonds and which may subsequently
9 lawfully be made applicable to the Bonds. To the extent that provisions of the Code apply to only a
10 portion of the Bonds, proceeds of the Bonds or other moneys, securities or other obligations deemed to
11 be proceeds, it is intended that the covenants of the County contained in this Section 18 be construed
12 so as to require the County to comply with the provisions of the Code only to the extent of such
13 applicability.

14 (c) The County further covenants that it will not (i) take any action, (ii) fail to take any
15 action, or (iii) make any use of the proceeds of any of the Bonds which would cause the interest on
16 any of the Bonds to be or become subject to federal income taxes in the hands of the registered holders
17 of any of the Bonds.

18 (d) The County further covenants, in order to assist bidders in complying with S.E.C.
19 Rule 15c2-12(b)(5), pursuant to a continuing disclosure certificate (the "Continuing Disclosure
20 Certificate") signed by the County Executive, Treasurer and Director of Administration, to provide
21 annual reports and notices of certain events. The undertaking of the County in the Continuing
22 Disclosure Certificate shall be set forth in any Preliminary Official Statement and Official Statement if
23 deemed appropriate by the County Executive and any amendment or supplement thereto.

BILL NO. 06-38

1 SECTION 20. Be it further enacted by the County Council of Harford County, Maryland that
2 upon recommendation of the County Executive, the County Council of Harford County, Maryland
3 may adopt a resolution pursuant to Article 31, Section 2C of the Annotated Code of Maryland (2006
4 Replacement Volume) authorizing the loan authorized to be incurred and the bonds authorized to be
5 sold by this Bill, to be consolidated for sale and issued, sold and delivered as a single issue of bonds
6 with other bonds authorized to be sold to finance capital projects described in the Annual Budget and
7 Appropriation Bills, as amended.

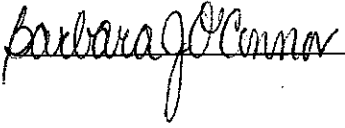
8 SECTION 21. Be it further enacted by the County Council of Harford County, Maryland that
9 the provisions of this Bill are severable, and if any provision, sentence, clause, section or part hereof is
10 held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality,
11 invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining
12 provisions, sentences, clauses, sections or parts of this Bill or their application to other persons or
13 circumstances. It is hereby declared to be the legislative intent that this Bill would have been passed if
14 such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been
15 included herein, as if the person or circumstances to which this Bill or any part hereof are inapplicable
16 had been specifically exempted therefrom.

17 SECTION 22. And be it further enacted by the County Council of Harford County, Maryland,
18 that this Bill shall take effect sixty (60) calendar days after it becomes law.

BILL NO. 06-38

EFFECTIVE: February 5, 2007

The Council Administrator of the Council does hereby certify that fifteen (15) copies of this Bill are immediately available for distribution to the public and the press.

 , Council Administrator

BILL NO. 06-38

BILL NO. 06-38

1

EXHIBIT A

BILL NO. 06-38



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III

1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

NOV 30 2005

Mr. James M. Jewell
County Treasurer
Harford County Government
101 Main Street
Bel Air, MD 21014

Re: XP-983736-01-2

Dear Mr. Jewell:

The Agency has approved an amendment to the referenced project which extends the budget and project periods to July 30, 2007 at no additional cost to the Federal government. Total Federal participation remains at \$470,500.

Three originals of the assistance amendment authorizing this change are enclosed. Please sign all of them. Return one to Ms. Kathleen M. Blinbury, Grants Management Officer, Grants and Audit Management Branch (3PM70), within twenty-one days of your receipt. The Maryland Department of the Environment is assisting in the management of this project. Mail one to Mr. George L. Keller, Program Administrator, Water Quality Infrastructure Program, Maryland Department of the Environment, 1800 Washington Boulevard, Baltimore, MD 21230 and retain one for your organization.


Your contact at EPA is Mr. Kenneth Pantuck. You can reach Mr. Pantuck at 215-814-5769.

Sincerely,

Francis R. Snock, Chief
Grants and Audit Management Branch

Enclosures

cc: George L. Keller, MDE

	U.S. ENVIRONMENTAL PROTECTION AGENCY Assistance Amendment		ASSISTANCE ID NO.			DATE OF AWARD NOV 30 2005 <i>MY</i> MAILING DATE NOV 30 2005 ACH#	
			PRG	DOC ID	AMEND#		
			XP -	98373601	- 2		
			TYPE OF ACTION No Cost Amendment				
PAYMENT METHOD: Reimbursement							
RECIPIENT TYPE: Municipal			Send Payment Request to: Maryland Department of the Environment				
RECIPIENT: Harford County 101 S. Main Street Bel Air, MD 21014 EIN: 52-6000959			PAYEE: Harford County 101 S. Main Street Bel Air, MD 21014				
PROJECT MANAGER		EPA PROJECT OFFICER		EPA GRANT SPECIALIST			
Hayden J. Anthony 101 S. Main Street Bel Air, MD 21014 E-Mail: Phone: 410-638-3300		Kenneth Pantuck 1650 Arch Street, 3WP21 Philadelphia, PA 19103-2029 E-Mail: Pantuck.Kenneth@epamail.epa.gov Phone: 215-814-5769		Donna Armstrong Grants and Audit Management Branch, 3PM70 E-Mail: Armstrong.Donna@epamail.epa.gov Phone: 215-814-5393			
PROJECT TITLE AND EXPLANATION OF CHANGES Special Appropriations Project This amendment extends the budget and project periods to July 30, 2007 and updates the project schedule for the construction of the Oaklyn Manor/Mandeville Road sewer project which consists of 5,000 feet of 8-inch gravity sewer pipe, 1,400 feet of 6-inch house connections, and installation of 21 grinder pumps to serve 71 properties in Harford County, MD.							
BUDGET PERIOD 09/01/2002 - 07/30/2007		PROJECT PERIOD 09/01/2002 - 07/30/2007		TOTAL BUDGET PERIOD COST \$855,454.00		TOTAL PROJECT PERIOD COST \$855,454.00	
TE: The Agreement must be completed in duplicate and the Original returned to the appropriate Grants Management Office listed below, within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA. Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the Recipient subsequent to the document being signed by the EPA Award Official, which the Award Official determines to materially alter the Agreement, shall void the Agreement.							
OFFER AND ACCEPTANCE							
The United States, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers Assistance/Amendment to the <u>Harford County</u> for <u>55.00</u> % of all approved costs incurred up to and not exceeding <u>\$470,500</u> for the support of approved budget period effort described in application (including all application modifications) cited in the Project Title and Description above, signed <u>06/05/2002</u> included herein by reference.							
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)				AWARD APPROVAL OFFICE			
ORGANIZATION / ADDRESS US EPA Region 3, 3PM70 1650 Arch Street Philadelphia, PA 19103-2029				ORGANIZATION / ADDRESS U.S. EPA, Region 3 Water Protection Division 3WP00 1650 Arch Street Philadelphia, PA 19103-2029			
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY							
SIGNATURE OF AWARD OFFICIAL <i>Francis R. Snock</i>		TYPED NAME AND TITLE Francis R. Snock, Chief, Grants and Audit Management Branch			DATE NOV 30 2005		
This agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter 1, Subchapter B and of the provisions of this agreement (and all attachments), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.							
BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION							
SIGNATURE <i>Jacqueline K. Ludwig</i>		TYPED NAME AND TITLE Jacqueline K. Ludwig, Chief, Administration and Engineering			DATE 12-23-05		

anthony, hayden

From: anthony, hayden
Sent: Thursday, October 05, 2006 3:07 PM
To: holmes, rachel
Subject: Project Description

Rachel,

Hope this helps.

The Oaklyn Manor/Mandeville Rd Sewer Petition project will provide public sewer to 71 properties. The project is located in Southern Harford County and the boundaries are West of Mandeville Road to Bull Lanes and North of Philadelphia Road (Rt. 7) to the Baltimore County line.

Hayden

Hayden J. Anthony
Harford County Government
Division of Water & Sewer
212 S. Bond St. - 2FL
Bel Air, MD 21014

Ph: (410) 638-3300
Fax: (410) 638-3024
Email: hjanthony@harfordcountymd.gov

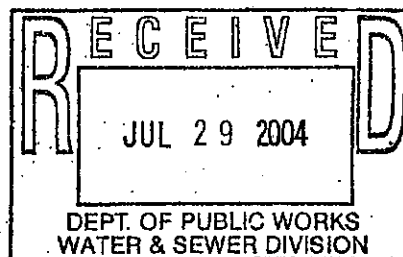


**United States Department of Agriculture
Rural Development
State Office**

July 28, 2004

Mr. James M. Harkins
County Executive
Harford County Government
101 South Main Street
Bel Air, Maryland 21014

RE: Revised Letter of Conditions
Oaklyn Manor/Mandeville Road Phase II



Dear Mr. Harkins:

This letter supplements and supersedes, to the extent of conflicting requirements, the Letters of Conditions issued to you on July 19, 2002 and August 12, 2003. The conditions of this letter must be understood and agreed to by you before further consideration may be given to the application. This letter is being revised to provide funding for the second phase of the Oaklyn Manor wastewater project.

Any further changes in sources of funds, project cost, scope of service, or any other significant changes in the project or application must be reported and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Notification to RUS should be at the earliest possible date; as such changes may result in additional loan approval conditions. Any changes not approved by RUS may be cause for discontinuing processing of the application. This Letter of Conditions is issued based upon present plans and specifications on file with RUS.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of the amounts indicated in Section One below.

The requirements and project funding, including Phase I project funding already committed by USDA, which must be fully understood and complied with, are as follows:

4607 South DuPont Highway • P.O. Box 400 • Camden, DE 19934
Phone: (302) 697-4324 • Fax: (302) 697-4388 • TDD: (302) 697-4303 • Web: <http://www.rurdev.usda.gov/>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD)

1. Type of Assistance	Phase I	Phase II	Total
A. USDA Loan	\$345,500	\$835,700	\$1,181,200
B. USDA Grant	\$674,500	\$500,000	\$1,174,500
C. MDE Grant	\$230,000	\$250,000	\$480,000
D. CDBG	\$180,000	\$400,000	\$580,000
E. EPA STAG	\$470,000	\$964,300	\$1,434,300
	\$1,900,000	\$2,950,000	\$4,850,000

It is clearly understood that the project cost will not exceed a total cost of 4,850,000 (\$1,900,000 from Phase I and \$2,950,000 from Phase II) and that all funds regardless of source shall be available prior to RUS loan closing or start of construction, whichever occurs first. The project will be constructed as Phase I and Phase II separately, with the funding flowing into the project the same.

2. The above assistance was approved based upon the following number of users:

Phase I EDUs	71
Phase II EDUs	107
Total EDUs	178

All other conditions in our letters of July 19, 2002 and August 13, 2003 remain in effect. Two additional copies of this letter are attached for your use. We will be available to meet with you, your attorney, and engineer to discuss the items set forth above.

Please complete and return the attached Form RD 1942-46, Letter of Intent to Meet Conditions, if you desire further consideration be given your application.

If you have any questions, please contact this office at (302) 697-4324.

Sincerely,


DENISE E. MACLEISH
Acting Business & Community Programs Director

Attachments

Position 3

Form RD 1942-46
(Rev. 6-98)UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCYFORM APPROVED
OMB NO. 0575-0015

LETTER OF INTENT TO MEET CONDITIONS

Date 07-28-2004

TO: United States Department of Agriculture

(Name of USDA Agency)

4607 S. DuPont Highway
P.O. Box 400
Camden, DE 19934

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 07-28-2004. It is our intent to meet all of them not later than 09-30-2004.

Harford County, Maryland

BY John M. Harkins, Jr. (Name of Association)

James M. Harkins, County Executive

(Title)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0373-0013. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Form RD 1942-46 (Rev. 6-98)



United States
Department of
Agriculture

**RURAL
DEVELOPMENT**
Delaware and Maryland

4607 South DuPont Highway
P.O. Box 400
Camden, DE 19934
(302) 697-4334
(302) 697-4388 FAX
(302) 697-4303 TTY

August 12, 2003

Mr. James M. Harkins
County Executive
Harford County Government
101 South Main Street
Bel Air, MD 21014

RE: Revised Letter of Conditions
Oaklyn Manor/Mandeville Road

Dear Mr. Harkins:

This letter supplements and supersedes, to the extent of conflicting requirements, the Letter of Conditions issued to you on July 19, 2002. The Conditions of this letter must be understood and agreed to by you before further consideration may be given to the application.

Any further changes in sources of funds, project cost, scope of service, or any other significant changes in the project or application must be reported and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Notification to RUS should be at the earliest possible date, as such changes may result in additional loan approval conditions. Any changes not approved by RUS may be cause for discontinuing processing of the application. This Letter of Conditions is issued based upon present plans and specifications on file with RUS.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of the amounts indicated in Number One below.

The requirements, which must be fully understood and complied with, are as follows:

1. Amount of Assistance
 - a. The RUS loan amount will not exceed \$ 345,500.
 - b. The RUS grant amount will not exceed \$674,500.

- c. The State grant amount will not exceed \$ 700,000.
- d. The CDBG grant will not exceed \$ 180,000.

It is clearly understood that the project cost will not exceed \$1,900,000 total cost and that all funds regardless of source shall be available prior to RUS loan closing or start of construction, whichever occurs first.

All other conditions in our letter of July 19, 2002 remain in effect. Two additional copies of this letter are attached for your use. We will be available to meet with you, your attorney, and engineer to discuss the items set forth above.

Please complete and return the attached Form RD 1942-46, Letter of Intent to Meet Conditions, if you desire further consideration be given your application.

If you have any questions, please contact this office at (302) 697-4324.

Sincerely,



JAMES E. WATERS
Community and Business Programs Director

Attachments

Form RD 1942-46
(Automated 8-97)

FORM APPROVED
OMB NO. 0575-0015

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

LETTER OF INTENT TO MEET CONDITIONS

Date _____

TO: Rural Development
United States Department of Agriculture
105 Chesapeake Blvd.
Elkton MD 21921
(Office Address)

We have reviewed and understand the conditions set forth in your letter dated July 19, 2002

It is our intent to meet all of them not later than loan closing

We are also requesting that we be given the interest rate in effect at the time of loan approval or at the time of loan closing, whichever is lower. In other words, we want the lowest interest rate possible.

Harford County

(Name of Association)

BY James R. Harris

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRI, Room 404-B, Washington, D.C. 20250; and to the Office Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, D.C.

RD 1942-46 (Automated 8-97)



United States
Department of
Agriculture

**RURAL
DEVELOPMENT**
Delaware and Maryland

4607 N. DuPont Highway
P.O. Box 400
Camden, DE 19934
(302) 697-4324
(302) 697-4388 FAX
(302) 697-4303 TTY

F41

July 19, 2002

Mr. James M. Harkins
County Executive
Harford County Government
101 South Main Street
Bel Air, MD 21014

RE: Oaklyn Manor/Mandeville Road Sewer

Dear Mr. Harkins:

This letter establishes conditions, which must be understood and agreed to by you before further consideration may be given to the application. Any changes in the project cost, source of funds, scope of services or any other significant changes in the project or application must be reported to and approved by Rural Utilities Service (RUS) by written amendment to this letter. Notification to RUS should be at the earliest possible date as such changes may result in additional approval conditions. Any changes not approved by RUS shall be cause for discontinuing processing of the application. This letter of conditions is issued based upon present plans and specifications on file with RUS.

This letter is not to be considered as an approval or as a representation as to the availability of funds. The docket may be completed on the basis of the amount indicated below.

If RUS makes the loan you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of RD 1940-1, "Request for Obligation of Funds", is mailed to you. If you want the lower of the two rates, your written request should be submitted to RUS as soon as practical. In order to avoid possible delays in loan closing such a request should ordinarily be submitted at least 30 calendar days before loan closing.

Please complete and return the attached RD 1942-46, "Letter of Intent to Meet Conditions", if you desire that further consideration be given your application.

If the conditions set forth in this letter are not met within 180 days from the date of this letter, RUS reserves the right to discontinue the processing of your application.

The requirements, which must be fully understood and complied with, are as follows:

Amount of Assistance:

The Rural Utilities Service loan amount will not exceed \$ 345,500.

The Rural Utilities Service grant amount will not exceed \$ 420,000.

The Community Development Block Grant amount will not exceed \$ 180,000.

The State funding amount will not exceed \$ 700,000.

The Borrower will contribute \$ 254,500 towards project construction and development and these funds must be available prior to loan closing or start of construction, whichever occurs first.

It is to be clearly understood that the total project cost will not exceed \$ 1,900,000 and that all funds regardless of source shall be available prior to RUS loan closing or start of construction, whichever occurs first. In the event funds are obtained from other sources the application will have to be revised to reflect any changes and all changes will have to be approved by RUS.

The above assistance was approved based upon the following number of users.

Residential EDU's -	51
Total EDU's -	51

Any change in the above number of users must be reported to the RUS Loan Official. The Borrower shall submit in writing as soon as available, but prior to construction or loan closing, all existing or proposed rates, usage agreements or commitments to the RUS Loan Official for review.

The Borrower must adopt a mandatory use ordinance before the RUS loan is closed or the commencement of construction, whichever occurs first. The form of this ordinance should be approved by RUS prior to its being adopted.

Organization and Business Operations:

1. The Borrower must comply with all State and Local laws regarding the borrowing of money, giving security, and raising revenue for the repayment thereof.
 2. The RUS, USDA Office of General Counsel will review all legal instruments and enabling legislation related to the formation of the Borrower and all ordinances giving the Borrower authority to construct, maintain and operate the facility.
 3. The Borrower will be fully responsible for the continuous operation and maintenance of the system in an efficient and economical manner.
 4. The Borrower will as necessary adjust its operating costs and service charges to provide for adequate operation and reserves.
-

5. The Borrower will continue to operate, maintain, and set rates and policy of the facility for the life of the loan.
6. The Borrower agrees to submit for RUS approval all agreements and facility management plans, if required, for the life of the loan.

Should Borrower decide to subrogate their operation and maintenance responsibilities to the service area, the prepared RFP shall require RUS's prior written concurrence. The Borrower must provide details as to why it can no longer carry out its responsibilities to operate and maintain the system. The RFP must clearly define all areas of operation and maintenance that the Borrower wishes to subrogate and have RUS and the responsible state agency's written concurrence prior to advertising the proposed RFP.

7. The Borrower will not borrow additional debt nor expand the facility through debt without the prior written concurrence of RUS.
8. The Borrower shall maintain and operate the facility in accordance and compliance with State, Local, and Federal (permits) laws and regulations which have control of the organization, diversion, storage and use of water and disposal of excess water.

Rates, Charges and Operations:

The Borrower agrees to establish the user rates and charges as provided in the project feasibility within the RUS loan docket and to provide for the receipt of adequate revenues to meet the requirements of debt service, operations and maintenance, establishment of adequate reserves and to continuously operate and maintain the facility in good condition.

In consideration of the receipt of U.S. Government/RUS/loan/grant funds for the construction of the proposed facility, the Borrower agrees to establish fair, reasonable and equitable rates to all users within the service area and to serve all users that can reasonably and economically be served within the Borrower's system service area.

Terms of the Loan and Grant:

The loan will be repayable within 40 years from the date of closing. Payments will be made on a quarterly basis. The Borrower must establish RUS's Preauthorized Debt (PAD) payment process. The PAD process is a payment method in which the Borrower authorizes the RUS loan payment to be withdrawn electronically from the Borrower's bank account on the exact day that the loan installment is due.

It is to be understood that the loan and grant cannot be closed until all closing requirements to be issued by the Office of the General Counsel have been complied with.

The Borrower agrees to graduate to other credit at reasonable rates and terms when they are able to do so.

It will be necessary for the Borrower to execute RUS Bulletin 1780-27, "Loan Resolution (Public Bodies). This form must be completed in its entirety including the certification.

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement", for your review. You will be required to execute a completed form at the time of grant closing.

After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceed the RUS grant, that part would be RUS loan funds.

Evidence and Securing the Loan:

The loan will be evidenced and secured in accordance with the relevant statutory requirements, which will be reviewed by the Office of General Counsel, who will issue closing instructions.

The applicant must provide a legal opinion relative to the title to rights-of-way and easement. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way", may be used. All easements and rights-of-way must be provided prior to RUS awarding any construction contracts. The Borrower should provide evidence that the easements and rights-of-way have been recorded.

The Borrower must issue a general obligation bond for the amount borrowed. The Borrower should be aware that a recognized bond counsel must be employed to prepare all bond documents. The Bond Counsel should be instructed to provide the RUS Loan Official with two copies of the following, prior to the start of any construction:

1. Form of the bond.
2. Form of the Bond Resolution specifying the details of the bond.
3. Form of the Bond Counsel's opinion regarding the validity of the bond and its exemption from Federal and state income taxation. The draft opinion must disclose the name of the recognized Bond counsel.

The Bond Counsel should be instructed to prepare all documents in accordance with RUS Instruction 1780-80 through 1780-95. Two copies of the complete bond transcript must be given to RUS at the time the bond is issued.

Insurance Requirements:

The Borrower must provide evidence of adequate insurance and fidelity bond coverage by loan closing or start of construction, whichever occurs first. This may consist of a listing of policies and coverage amounts in year-end reports. The Borrower is responsible for updating and/or renewing policies or coverage, which expire between submissions to RUS. Any monitoring of insurance and fidelity bond coverage by RUS is solely for the benefit of RUS and does not relieve the Borrower of its obligation under the loan resolution to maintain such coverage.

Fidelity Bond:

The Borrower will provide fidelity bond coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required by RUS will normally approximate the total annual debt service requirements for the RUS loan.

The Borrower will carry suitable worker's compensation insurance for all employees in accordance with applicable State laws.

Real estate (fire and extended coverage) will be maintained on all structures. For clarification on insurance requirements refer to RUS Instruction 1780.39(g).

General liability insurance, including vehicular coverage.

Records, Reports, and Audits:

1. Before loan closing or start of construction, whichever occurs first, the Borrower shall provide to and obtain approval from the RUS Loan Official for its accounting and financial reporting system, including the agreement with its auditor. RUS Bulletin 1780-30 provides guidance on completing audits for the Agency's purpose.
2. The Borrower will provide for reports as outlined in RUS Instruction 1780.47 and RUS Bulletin 1780-30. An annual audit must be prepared in accordance with generally accepted government auditing standards (GAGAS), using the publication, "Standards for Audit of Governmental Organizations, Programs, Activities and Functions", developed by the Comptroller General of the United States in 1981; and any subsequent revisions. In addition, the audits are also to be performed in accordance with various Office of Management and Budget (OMB) Circulars and RUS requirements as specified below.
3. For loans to a Borrower that expends \$300,000 or more in a year in Federal awards, an audit must be performed in accordance with OMB Circular A-133 (attached). The A-133 audit replaces RUS's annual audit requirements. Outstanding RUS loan balances should not be utilized in calculating the Federal financial assistance expended.
4. The Borrower will provide management reports as outlined in RUS Instruction 1780-47 as follows:
 - a. Form RD 442-2, "Statement of Budget Income and Equity" must be submitted to the RUS Loan Official prior to the beginning of the Borrower's fiscal year. Only Column 3 of Page 1 and all of Schedule 2 needs to be completed.
 - (1) Two copies of the management reports and proposed Annual Budget.
 - (2) Financial information may be reported on Form RD 442-2 which includes Schedule 1, "Statement of Budget, Income and Equity" and Schedule 2, "Projected Cash Flow" or information in similar format.
 - (3) A copy of the rate schedule in effect at the time of submission.
 - b. Not later than 20 days after each of the first three-quarters of each year the Borrower will submit Form RD 442-2 to the RUS Loan Official providing all the information on Schedule 1 of the form. The report for the fourth quarter may be submitted not later than 60 days for an unaudited report or 90 days for an audited report.
 - c. A list of the names and addresses of all members of the Borrower's governing body indicating their officers' terms of office will be provided with the other information at the end of the Borrower's fiscal year.

If the audit is received within 150 days following the period covered by the audit, the RUS Loan Official may authorize an annual audit to substitute for financial management reports.

Positive Processing Schedule:

A positive schedule from the Borrower concerning advertisements and construction commencement must be submitted to the Rural Utilities Service within 30 days of being notified of the availability of funding.

Procurement:

All procurement shall be in accordance with RUS Instruction 1780-70, and at a minimum shall provide for the following:

1. The Borrower must maintain a code or standards of conduct, which shall govern the performance of its officers, employees, or agents in contracting with and expending RUS loan funds.
 2. All procurement transactions shall be conducted in a manner so as to provide maximum open and free competition. Performance specifications and the term "or equal" may be used. For more detail on specifications see RUS Instruction 1780-70(a)(1) and (2).
 3. Invitations for bids shall be based upon clear and accurate descriptions of the technical requirements. Such description shall not contain features, which unduly restrict competition.
 4. Solicitation of offers, whether by competitive sealed bid or competitive negotiation shall:
 - a. Incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured.
 - b. Clearly specify all requirements which offerors must fulfill and all other factors to be used in evaluation of bids or proposals.
 - c. Not contain features, which unduly restrict competition.
 5. Affirmative steps shall be taken to assure that small and minority businesses are utilized when possible as sources of supplies, equipment, construction and services. Affirmative steps shall include the following:
 - a. Include qualified small and minority businesses on solicitation lists.
 - b. Assure that small and minority businesses are solicited whenever they are potential sources.
 - c. When economically feasible, divide total requirements into small tasks or quantities so as to permit maximum small and minority business participation.
 - d. Where the requirement permits, establish delivery schedules, which will encourage participation by small and minority businesses.
-

- 7
- e. Use the services and assistance of the Small Business Administration and the Office of Minority Business Enterprise of the Department of Commerce.
 - f. If any subcontracts are to be let, require the prime contractor to take the affirmative steps in the above paragraphs a through e of this section.
6. Owners shall take similar appropriate affirmative action in support of women's businesses.
 7. Owners are encouraged to procure goods and services from labor surplus areas.
 8. Owners shall submit a written statement or other evidence to RUS of the steps taken to comply with the above paragraphs of this section.

Construction and Development:

1. The Borrower shall obtain professional engineering services through a written contract, which shall be subject to agency concurrence. Per RUS regulation and State code, the engineer signing the agreement shall be licensed to practice engineering by the MARYLAND BOARD OF PROFESSIONAL ENGINEERS. The Borrower's agreement with the engineer shall include the name of the individual licensed engineer who will be in direct responsible charge of the project, and that person will be the point of contact throughout the project for the Borrower and RUS personnel.
2. All development will be completed by contract in accordance with applicable RUS regulations. Your engineer will be responsible for maintaining a close liaison with the RUS engineer to insure compliance with our procedures.
3. Standard construction contract documents are available from RUS. This includes the contract, pay estimates, and change orders. Should the Borrower wish to use a different form which provides adequate information, and is legally sufficient as determined by RUS Loan Official and the Office of General Counsel and the RUS regulations do not require the use of the particular form, then the Borrower may do so.
4. The project will be put out for construction bids within six (6) months following notice that RUS funds are available for the project. If this does not take place, the RUS reserves the right to cancel the obligation of funds.
5. The Borrower will provide RUS with evidence of approval from the appropriate regulatory agency for the plans and specifications of this facility.
6. The Borrower shall be responsible for maintaining a contract administration system to monitor the contractors' performance and compliance with the terms, conditions, and specifications of the contracts.
7. All contracts, change orders, specifications, and drawings are to be approved or rejected by RUS. The owner's attorney will review the executed contract documents, including performance and payment bonds, and will certify that they are adequate, and that the persons executing these documents have been properly authorized to do so. It must be fully understood that these documents are not valid without the signature of the RUS representative.

No change order will be approved by RUS for increases in construction contract costs until the funds for the increased costs are available.

8. Prior to beginning construction or upon notice of RUS approval of plans and specifications, the Borrower will schedule a pre-construction conference where RUS will review the planned development with the owner, its architect, construction manager and other interested parties. The Conference will thoroughly cover applicable items included in Form RD 1924-16, "Record of Pre-construction Conference", and the discussions and agreements will be documented. Form RD 1924-16 may be used for this purpose.
9. A full-time resident inspector is required for all construction. Normally the consulting engineer will provide the resident inspector. Prior to the pre-construction conference the Borrower must submit a resume of the qualifications of the resident inspector to the RUS for acceptance in writing.
10. Interim financing from commercial sources will be obtained during the construction period. Upon approval of the terms and interest rate of the interim financing, RUS will issue a letter of commitment to the proposed lender. The commitment letter will not be issued until the Office of the General Counsel has issued an opinion that the RUS loan closing can proceed.
11. All project funds, regardless of source, to be used on this project will be deposited in a special construction account. The use of Form RD 402-2, "Statement of Deposits and Withdrawals", or similar form to monitor funds shall be utilized. It is to be clearly understood that the RUS may audit this account at any time after giving reasonable notice. The Borrower must set up a procedure under which the RUS Loan Official is to approve all bills or vouchers, which are to be paid out of the special construction account. Failure to obtain prior approval for any payment may be grounds to disallow payment eligibility for loan or grant reimbursement.
12. Copies of daily inspection reports completed by the resident inspector will be forwarded to the RUS Loan Official. In addition, the resident inspector must maintain and keep available for RUS inspection a hardbound diary. It should have numbered pages and all entries should be made in ink. The diary will become the property of the Borrower after final inspection.
13. Disbursing of funds will be handled in accordance with RUS Instruction 1780.76(e).

Facilities for Public Use. All facilities financed by RUS shall be for public use and primarily serve rural residents.

Utility-type service facilities will be installed so as to serve any user within the service area that desires service and can be feasibly and legally served. Applicants and Borrowers must obtain written concurrence of the RUS prior to refusing service to such user. Upon failure to provide service, which is reasonable and legal, such user shall have direct right of action against the applicant/Borrower. A notice of the availability of this service should be given by the applicant/Borrower to all persons living within the area who can feasibly and legally be served by the phase of the project being financed.

Design Policies. Facilities financed by RUS will be designed and constructed in accordance with sound engineering and architectural practices, and must meet the requirements of Federal, State and local agencies.

Architectural Barriers. All facilities intended for or accessible to the public or in which physically handicapped persons may be employed must be developed in compliance with the Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.) as implemented by 41 CFR 101-19.6, section 504 of the Rehabilitation Act of 1973 (42 U.S.C. 1471 et seq.) as implemented by 7 CFR Parts 15 and 15B and Titles II and III of the Americans with Disabilities Act of 1990.

Mitigation Measures. RUS has completed an environmental assessment in which we have identified all adverse environmental impacts, both direct and indirect. We have considered the impacts with regards to least adverse impacts to the environment.

Other Conditions Which Must Be Met:

The Borrower agrees to execute Form RD 1910-11 "Application Certification, Federal Collection Policies for Consumer or Commercial Debts" prior to loan closing or start of construction, whichever occurs first.

Form RD 400-4, "Assurance Agreement", must be executed by the Borrower. The following covenant must be included in each instrument of conveyance for real property purchase with RUS funds subject to Title VI of the Civil Rights Act of 1964.

"The property described herein was obtained or improved through federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the purchaser owns it, whichever is longer."

The Borrower must display the nondiscrimination poster, "And Justice for All" at the facility and at the Borrower's offices.

The Borrower must maintain for review by RUS, records showing the extent to which members of minority groups are benefited by the facility. The records will include data to identify recipient as Caucasian or white, African American or black, American Indian or Alaskan Native, Hispanic or Latino, Asian, Native Hawaiian or Pacific Islander, and other.

The Borrower must execute Form RD 400-1, "Equal Opportunity Agreement".

For all public media notices, Borrower is required to acknowledge that funding was obtained from USDA/Rural Utilities Service.

Three additional copies of this letter and all RUS Instructions mentioned are attached for your use. We will be available to meet with you, your attorney, and engineer to discuss the terms set forth in this letter.

Sincerely,



JAMES E. WATERS

Community and Business Programs Director

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MARYLAND
HARFORD COUNTY, MARYLAND

USDA Rural Utility Service Bond
(Oaklyn Manor and Mandeville Road Project)

No. 1 _____, 2006
\$345,500

HARFORD COUNTY, MARYLAND, a body politic and corporate, organized and existing under the Constitution and laws of the State of Maryland, hereby acknowledges itself indebted and, for value received, promises to pay to the United States Department of Agriculture, Department of Rural Economic and Community Development or its registered successor or assigns, the principal sum of

THREE HUNDRED FORTY-FIVE THOUSAND FIVE HUNDRED DOLLARS

with interest at the rate of _____ percent (____%) per annum in any coin or currency of the United State of America, which at the respective times of payment is legal tender for the payment of public and private debts, as follows:

The principal sum together with interest at the rate of _____ percent (____) per annum shall be payable in _____ installments of principal and interest, of _____ Dollars (\$____) commencing _____, and on the _____ days of _____ and thereafter up to and including the _____ day of _____, when the entire unpaid principal and all accrued and unpaid interest shall be due and payable. The principal and interest on the Bond may be prepaid, at the option of Harford County, Maryland, at any time, or from time to time, in whole or in part, without penalty.

Both the principal of and interest on this bond will be paid in lawful money of the United States of America, at the time of payment at Dover, Delaware.

This bond is issued pursuant to and in full conformity with the Constitution and Laws of the State of Maryland, the Charter of Harford County, Maryland and by virtue of due proceedings had and taken by the County Council of Harford County, Maryland, by Bill No. 06-38 (the "Bill") adopted on _____, 2006.

The full faith and credit and unlimited taxing power of Harford County, Maryland is pledged to the punctual payment of the principal of and interest on this bond according to its terms, and Harford County, Maryland covenants and agrees punctually to pay the principal of this bond and the interest thereon, at the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened and to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and the laws of the State of Maryland, the Charter of Harford County, Maryland and the Ordinance of the County Council of Harford County, Maryland above referred to, and that the issue of bonds together with all other indebtedness Harford County, Maryland is within every debt and other limit prescribed by the Constitution and laws of said State, and that due provision has been made for the levy and collection, if and when necessary, of an annual ad valorem tax or taxes upon all the legally assessable property within the corporate limits of Harford County, Maryland, as prescribed by law, in rate and amount sufficient to provide for the payment, when due, of the interest on and the principal of this bond.

IN WITNESS WHEREOF, Harford County, Maryland has caused this bond to be executed in its name by the manual signature of its County Executive and have also caused its corporate seal to be imprinted hereon, attested by the manual signature of its Director of Administration, all as of the ____ day of _____, 2006.

HARFORD COUNTY, MARYLAND

By: _____
David R. Craig
County Executive

ATTEST:

By: _____
Lorraine Costello
Director of Administration

4838-6527-9489v1

HARFORD COUNTY BILL NO. 06-38

Brief Title Sale of Bond – Oaklyn Manor/Mandeville Rd. Phase 1 Sewer Project

is herewith submitted to the County Council of Harford County for enrollment as being the text as finally passed.

CERTIFIED TRUE AND CORRECT

Barbara J. O'Connor
Council Administrator

Date December 5, 2006

ENROLLED

Billy Bonifare
Council President

Date December 5, 2006

BY THE COUNCIL

Read the third time.

Passed: LSD 06-28

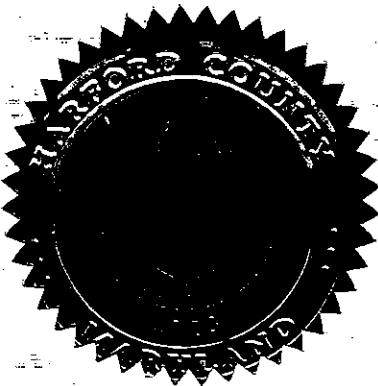
Failed of Passage: _____

By Order

Barbara J. O'Connor
Council Administrator

Sealed with the County Seal and presented to the County Executive for approval this 6th day of December, 2006 at 3:00 p.m.

Barbara J. O'Connor
Council Administrator



BY THE EXECUTIVE

David R. Craig
COUNTY EXECUTIVE

APPROVED: Date December 7, 2006

BY THE COUNCIL

This Bill No. 06-38, having been approved by the Executive and returned to the Council, becomes law on December 7, 2006.

EFFECTIVE DATE: February 5, 2007

Barbara J. O'Connor
Barbara J. O'Connor, Council Administrator
BILL NO. 06-38